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File Contract

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: CIA Procurement, Competition Versus
Sole Source

Frank:

Because of the concerns we all have about sole source procurement, I asked the Office of Logistics (OL) to prepare an Agency notice for your signature which addresses this important issue. In addition, I have asked OL to establish a review procedure which will constantly monitor the sole source aspect of procurement. Under this procedure, OL will report any abuse of sole sourcing authority to me as soon as it is discovered.

/s/ Jack Blake

John F. Blake

Att

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This Notice Expires 1 July 1979

LOGISTICS

31 MAY 1978

PROCUREMENT POLICY

1. All Federal Government procurement of supplies and services is accomplished by either formal advertising or negotiation. While formal advertising, under present procurement law, is preferred, it has limited application and accounts for a relatively small proportion of Federal procurement dollars. It requires broad dissemination of information on each individual procurement which is inconsistent with this Agency's statutory requirement to protect sources and methods and the sensitivity associated with even our unclassified contracts. CIA accordingly relies almost entirely on negotiation in the acquisition of supplies and services. Recognizing this fact, it is still the responsibility and function of the procurement process to acquire necessary supplies and services by the competitive process when possible.

2. The DCI and I are committed to this principle of competition, and I request that each of you involved in the procurement planning for your respective areas ensure to whatever extent necessary that maximum competition is obtained on all of your procurements.

3. While we must maintain the principle of competition, I recognize that there are situations in which only a single source will meet all the requirements. An example of such a situation is the case where only one supplier can meet our delivery requirements. In this situation, it must be demonstrable that the delivery requirement relates to operational requirements and has not been artificially established to exclude competition. There may be other situations in which equipment to be purchased must be used in conjunction with existing equipment and must be the same brand to be compatible. Other examples include those cases where a sole supplier holds proprietary or patent rights to the only equipment which will meet our requirement.

4. In all cases, our reasons for procuring on a sole-source basis must be clearly stated, included in official contract files, and supportable in terms of operational requirements to satisfy legal requirements. Questions on whether a particular procurement can be accomplished without competition should be referred at the earliest possible time to the contracting officer for determination, since the ultimate decision on the source selection rests with him.

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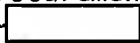
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LOGISTICS

5. The DCI has established procurement policy for the intelligence community through issuance of NFIB- which is attached. To ensure compliance with this policy, each of you must be mindful that sole-source procurement is the exception and is to be considered only under the most stringent circumstances and with thorough justification. STATINTL

/s/ Frank C. Carlucci

Frank C. Carlucci
Deputy Director of Central Intelligence

Att

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8 November 1977

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NFIP Procurement Policy

1. Purpose. The purpose of this Directive is to establish policy and reporting procedures for the procurement of goods and services by NFIP entities.
2. Responsibilities
 - a. The DCI is responsible for controlling the budget preparation and resource allocation for the NFIP.
 - b. The Code of Federal Regulations in Titles 41 and 32 establishes Federal and Armed Services procurement policy pursuant to the Armed Services Procurement Act of 1949, as amended, and the Federal Property and Administrative Services Act of 1949, as amended.
3. Applicability. This Directive shall apply to all purchases and contracts made by NFIP components, units and activities, within or outside the U.S., for the procurement, or acquisition, from non-Federal sources of personal property and non-personal services (including ADP&E and construction) by such means as purchasing, renting, leasing (including real property), contracting or bartering. It includes all functions that pertain to the obtaining of supplies and services, including description (but not determination) of requirements, selection and solicitation of sources, and preparation and award of contracts for supplies or services which obligate appropriated funds.
4. Policy. The following Policy and Guidance for the procurement of NFIP goods and services reaffirms and extends the general and permanent rules for procurement published in the Federal Register and codified under Titles 32 and 41 of the Code of Federal Regulations.
 - a. All procurement, whether by formal advertising, or by negotiation, within the limitations of statutory responsibilities to protect sensitive intelligence sources and methods, shall be made on a competitive basis to the maximum practical extent.

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negotiation, offers shall be solicited from the maximum number of qualified sources consistent with the nature and requirements of the supplies, or services, to be procured.

- c. Negotiated procurements shall be on a competitive basis to the maximum practical extent. When a proposed procurement appears to be necessarily non-competitive, contracting officials are responsible not only for assuring that competitive procurement is not feasible, but also for acting whenever possible to avoid the need for subsequent non-competitive procurements. This action should include both examination of the reasons for the procurement being non-competitive and steps to foster competitive conditions for subsequent procurements, including possible break-out of components for competitive procurement. Except for procurement of utilities, and utility services, and educational services from nonprofit institutions, contracts in excess of [] shall not be negotiated on a non-competitive basis without prior review at a level higher than the initiating contract officer to assure compliance. STATINTL
- d. Procurements, whether by formal advertising or by negotiation, generally shall be made by soliciting bids, proposals, or requests for quotations from the maximum number of qualified sources consistent with the nature and requirements of the supplies or services to be procured.
- e. "Bidders" lists for procurement or other similar devices shall be established, maintained, and utilized to insure access to, and use of, the broadest possible base of U.S. industrial firms.
- f. Purchases shall be made from, and contracts shall be awarded to, responsible prospective contractors only. Responsible prospective contractors shall meet the criteria set forth in Federal and Armed Services Procurement Regulations.

5. Action Required

- a. Within the framework of applicable Armed Services and Federal Procurement Regulations, and consistent with statutory responsibility to protect sensitive intelligence sources and methods Agency Heads, Program

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and agencies within the Intelligence Community
constituting the NFIP shall:

- ensure competitive involvement to the maximum extent possible in all procurement activities;
 - broaden the scope of procurement actions and increase the number of qualified sources from which to solicit and accept bids, proposals, or quotations; and
 - review criteria for designating responsible prospective contractors to broaden the base of U.S. firms supporting the NFIP.
- b. In conjunction with the provision of recommended budgets to the DCI for preparation of the National Foreign Intelligence Program Budget, Agency Heads, Program Managers, and the heads of elements of departments and agencies within the Intelligence Community constituting the NFIP shall report the results of actions taken in accordance with the foregoing guidance. Reports should provide data on the total number and dollar value of competitive procurement actions that exceed for each action; the total number of firms involved, and the number of new firms included on lists of bidders during the prior fiscal year. The first required annual report on FY-78 procurement actions shall be submitted in conjunction with the FY-80 recommended budget.

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